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## Cash balance pension for uncovered workers proposed

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By Editor Test    *Wed, Sep 21, 2011*

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*The Secure Choice Pension would provide retired participants with a guaranteed minimum retirement income, and plan trustees could supplement the benefit with a "dividend" during a strong economy.*

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The director of a trade association for public sector pension funds has proposed a new type of retirement plan to give private sector workers who aren't in a pension plan a guaranteed lifetime income.

"We are proposing a new alternative, a modification of the cash balance pension model, to address the retirement security crisis that faces the private sector," said Hank Kim, executive director and counsel for the National Conference on Public Employee Retirement Systems, or NCPERS.

The proposed [Secure Choice Pension](#) (SCP) would "provide the flexibility and portability that the increasingly mobile private work force needs, while spreading investment risks and costs over large pools of plan participants and employers," said NCPERS in a release.

As the proposal, each state would establish its own SCP, to be administered by a board of trustees made up of public and private representatives. Private sector employers would join an SCP, allowing their employees to participate in that SCP.

Participating employers and employees would both make regular contributions to the SCP. SCPs would give participants the lower costs, efficiencies, economies of scale and professional money management of a large pension plan.

At retirement, the SCP would provide participants with a guaranteed minimum retirement income, but the SCP's trustees could declare a "dividend" during a strong economy that would increase that benefit.

"At best, most private sector employees have only two of the three legs of the retirement stool. They have Social Security and some have personal savings, which includes 401(k)s. SCPs are a way to bring back the third leg of the stool for those workers who currently don't have a pension," Kim said.

NCPERS' full proposal for the Secure Choice Plan is available at [www.retirementsecurityforall.org](http://www.retirementsecurityforall.org).

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